

ASSEMBLY BILL

No. 1858

Introduced by Assembly Member Santiago

February 10, 2016

An act to add and repeal Section 11545 of the Vehicle Code, relating to vehicle dismantling.

LEGISLATIVE COUNSEL'S DIGEST

AB 1858, as introduced, Santiago. Automobile dismantling: task force.

Existing law establishes the Department of Motor Vehicles, the State Board of Equalization, and the California Environmental Protection Agency, and prescribes the powers and duties of those state agencies. Under existing law, it is unlawful for any person to act as an automobile dismantler without having an established place of business, meeting specified requirements, and having a current, valid license or temporary permit issued by the Department of Motor Vehicles.

This bill would, until January 1, 2019, require the department to establish an Unlicensed Automobile Dismantling Task Force comprised of representatives of the department, the State Board of Equalization, and the California Environmental Protection Agency. The bill would require the task force to collaborate to investigate the occurrences of underground, unlicensed vehicle dismantling in violation of those provisions, including resulting tax evasion and environmental damage. The bill would require the task force, on or before March 1, 2018, to submit a report to the Legislature including specified information pertaining to the task force's activities. The bill would state related findings and declarations of the Legislature.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares the following:

2 (a) Automobile dismantlers are occupationally licensed by the
3 Department of Motor Vehicles to provide an essential service that
4 directly addresses society's ever increasing problem of what to do
5 with end-of-life vehicles.

6 (b) An estimated 1.2 million vehicles will reach the end of their
7 useful lives this year in California, either by determination of their
8 owners or by being declared a total loss by an insurance company.
9 While those vehicles might otherwise end up on the roadside or
10 abandoned in empty lots, licensed dismantlers acquire them and
11 safely convert them into reusable and recycled commodities.

12 (c) Automobile dismantlers face an array of costly yet necessary
13 requirements to properly process end-of-life vehicles, including,
14 but not limited to, safely removing and recycling unused gasoline,
15 brake fluid, engine oil, transmission fluid, antifreeze, tires, mercury
16 switches, batteries, and freon.

17 (d) Automobile dismantlers are small and medium sized
18 businesses regulated by over a dozen state, local, and federal
19 agencies with jurisdiction over water quality, hazardous materials,
20 air quality, worker safety, payment of taxes, and vehicle titling
21 requirements.

22 (e) The underground economy in California is a significant
23 dilemma facing the automobile dismantling industry with at least
24 30% of the end-of-life vehicles disappearing into the underground
25 economy each year and not being accounted for.

26 (f) Underground automobile dismantling operators are cash-only
27 businesses that do not face the same licensing requirements,
28 environmental regulatory requirements, insurance obligations,
29 work place safety requirements, and tax liability as required by
30 law for licensed dismantlers, resulting in these bad actors enjoying
31 a significant and growing competitive advantage over the licensed
32 dismantlers when purchasing vehicles at salvage pools, insurance
33 auctions, and from the public.

34 (g) The impacts of unlicensed and unregulated automobile
35 dismantling and limited enforcement activity has led to a growing

1 lack of compliance with dismantler laws, illegal dumping and
2 disposal of vehicles, improper hazardous waste handling, unsafe
3 workplaces, non-payments of taxes, and potential adverse impacts
4 to public health.

5 (h) The bulk of this unlicensed and unregulated automobile
6 dismantling is occurring in California's most vulnerable,
7 disadvantaged, and underserved communities.

8 (i) It is the intent of the Legislature to enact legislation to
9 establish a multiagency task force or partnership to collaborate in
10 combating underground, unlicensed, and unregulated automobile
11 dismantling for the purposes of investigating environmental quality
12 issues, public health concerns, and criminal tax evasion that is
13 occurring as a result of this activity and the lack of enforcement.

14 SEC. 2. Section 11545 is added to the Vehicle Code, to read:

15 11545. (a) The department shall establish an Unlicensed
16 Automobile Dismantling Task Force comprised of representatives
17 of the department, the State Board of Equalization, and the
18 California Environmental Protection Agency.

19 (b) The task force shall collaborate to investigate the occurrences
20 of underground, unlicensed automobile dismantling in violation
21 of this chapter, including resulting tax evasion and environmental
22 damage.

23 (c) (1) On or before March 1, 2018, the task force shall submit
24 a report to the Legislature including the following information:

25 (A) The number of leads or complaints received by the task
26 force.

27 (B) The number of complaints investigated and complaints that
28 resulted in a civil action or criminal prosecution.

29 (C) Recommendations for modifying, eliminating, or continuing
30 the task force's activities.

31 (D) Recommendations for statutory or regulatory changes, or
32 both, needed to better allow for enforcement against unlicensed
33 automobile dismantlers.

34 (2) The report required by this subdivision shall be submitted
35 to the Legislature pursuant to Section 9795 of the Government
36 Code.

- 1 (d) This section shall remain in effect only until January 1, 2019,
- 2 and as of that date is repealed, unless a later enacted statute, that
- 3 is enacted before January 1, 2019, deletes or extends that date.

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